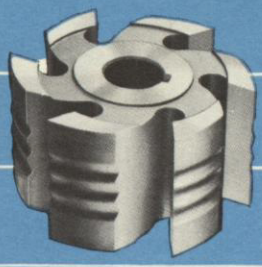

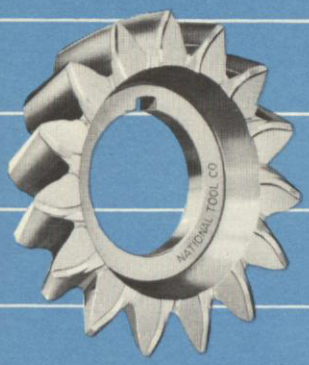

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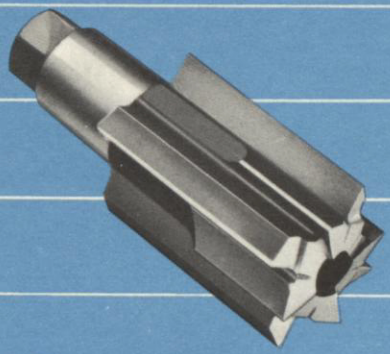
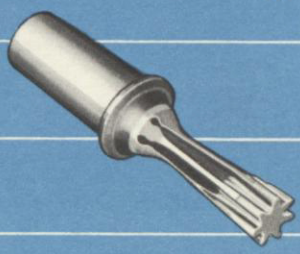
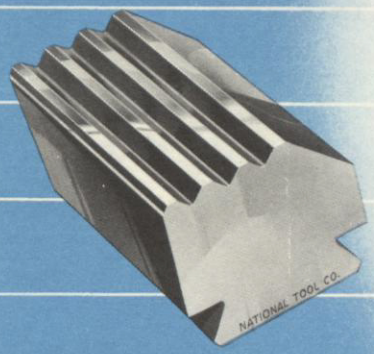
NATIONAL TOOL COMPANY

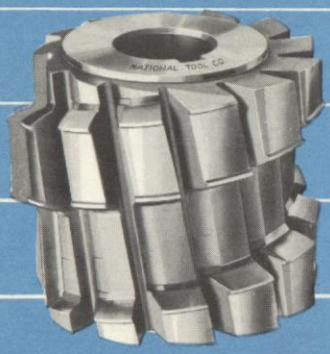
CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

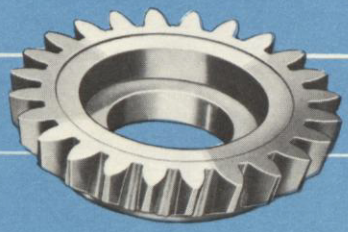
Cleveland Ohio











48th annual report

1952

DIRECTORS

HARRY W. BARKLEY - - - - - - - - Cleveland, Ohio
President, National Tool Company

GEORGE O. DESAUTELS - - - - - - - Indianapolis, Indiana
President, George O. Desautels Company

RICHARD S. HUXTABLE - - - - - - - - Cleveland, Ohio
President, Federal Fawick Corporation

LEWIS F. JUBENVILLE - - - - - - Orchard Lake, Michigan
Vice President, National Tool Company

SAMUEL J. KORNHAUSER - - - - - - - Cleveland, Ohio
Counselor at Law

J. VICTOR LOEWI - - - - - - - - - Milwaukee, Wisconsin
President, Loewi & Company

JOHN S. PEARSON - - - - - - - - - New York City
Dobbs & Company

EXECUTIVE COMMITTEE

HARRY W. BARKLEY, chairman

L. F. JUBENVILLE

J. VICTOR LOEWI

OFFICERS

HARRY W. BARKLEY - - - - - - - - Cleveland, Ohio
President and General Manager

LEWIS F. JUBENVILLE - - - - - - Orchard Lake, Michigan
Vice President

ARTHUR T. WEST - - - - - - - - - Cleveland, Ohio
Secretary and Treasurer

LEWIS M. SHAFER - - - - - - - - - Cleveland, Ohio
Assistant Secretary and Assistant Treasurer

REGISTRAR OF STOCK — CENTRAL NATIONAL BANK, Cleveland, Ohio

TRANSFER AGENT OF STOCK — CENTRAL NATIONAL BANK, Cleveland, Ohio

INDEPENDENT AUDITORS — HASKINS & SELLS

The Annual Meeting of Stockholders will be held on April 28, 1953. Notice of the Meeting and Proxy Form will be mailed to each holder of Common Stock on or about April 1, 1953.

TO THE STOCKHOLDERS AND EMPLOYEES OF NATIONAL TOOL COMPANY

Net sales in 1952 were $5,446,721, the second highest in the forty-eight year history of the Company, and were exceeded only by the record of $6,113,278 in 1951. Yearly sales for the preceding ten years averaged $2,776,835. High precision parts manufactured on a subcontract basis supplemented sales of Special Cutting Tools — the Company's principal product. This subcontract work is performed in a well-equipped machine shop maintained principally to build the special purpose machine tools required for the production of cutting tools.

Net income for the year was $151,231 or sixty-five cents per share. In 1951, net income was $248,661 equivalent to $1.08 per share. During the year, dividends of fifty cents per share were paid in four quarterly disbursements of twelve and one-half cents each to 1184 stockholders. In 1951, dividends also totaled fifty cents per share. Under the terms of a stock option, 4000 shares of unissued common stock were sold to an officer of the Company.

The reduction in sales and earnings in 1952 was due in part to the following: a ten-day strike of National Tool Company's employees (the first major work stoppage in the Company's history); restricted automobile production; the effect of the nationwide steel strike in customers' plants; and a roll-back in the prices of cutting tools caused indirectly by government price controls.

A strong financial position is shown in the accompanying balance sheet. Working capital reached a new high of $928,128 and the ratio of current assets to current liabilities is 2.34 to 1. The amount of cash and accounts receivable alone is considerably in excess of total current liabilities. Work in process inventory is based on firm orders which convert to accounts receivable in the event of cancellation. The Company has been granted an open line of credit by two large banks in an amount beyond any foreseeable working capital needs.

The present backlog of unfilled orders amounts to over $2,150,000 and compares with a backlog of $2,225,692 at the end of 1951. The average year-end backlog for the preceding ten years was $692,533. Customers' inquiries and new orders received so far this year continue at a higher rate than the average for 1952.

National Tool Company is now widely recognized as one of the leaders in its industry. Increased productive capacity, improved methods, a reputation for high quality, and a sales organization recently expanded and strengthened should insure increased activity in the future.

A research program started some time ago has recently been accelerated. Arrangements have been made which should broaden the base of operations in the cutting tool field, and lead to further diversification of activities and products.

For the Board of Directors,
HARRY W. BARKLEY
President

MARCH 10, 1953

NATIONAL TO

BALANC

DECEMBER 31,

ASSETS	. . . DECEMBER 31 . . . 1952	1951
CURRENT ASSETS:		
Cash	$ 197,181	$ 261,382
Accounts receivable:		
Trade (less reserve for doubtful accounts of $8,293)	642,849	463,306
Other	20,112	10,123
Inventories—at lower of cost or market:		
Finished and in-process products	511,118	870,357
Raw materials and supplies	249,701	411,584
Total current assets	$1,620,961	$2,016,752
MUTUAL INSURANCE DEPOSITS (NET) AND OTHER NON-CURRENT RECEIVABLES	$ 20,563	$ 19,237
PROPERTY, PLANT, AND EQUIPMENT—At cost:		
Land	$ 39,104	$ 39,104
Buildings	305,934	274,904
Machinery and equipment	941,659	896,176
Total	$1,286,697	$1,210,184
Less reserve for depreciation and amortization	739,459	663,321
Property, plant, and equipment—net	$ 547,238	$ 546,863
DEFERRED CHARGES:		
Deferred tool expense	$ 64,704	$ 67,074
Other	16,405	16,414
Total deferred charges	$ 81,109	$ 83,488
TOTAL	$2,269,871	$2,666,340

NOTES TO FINANCIAL STATEMENTS:

1. Six thousand shares of unissued capital stock by an officer of the Company until April 1, 1 shares and $5 a share for the additional five
2. The payment of dividends is restricted under amount of earnings retained for use in th restriction was $320,236.
3. The Company has subcontracts which are su it is believed that renegotiation of sales pric effect, if any, on the financial statements fo

OL COMPANY

E SHEET

1952 AND 1951

LIABILITIES

	. . . DECEMBER 31 . . . 1952	1951
CURRENT LIABILITIES:		
Notes payable to banks	$ 200,000	$ 300,000
Current portion of mortgage payable	25,000	25,000
Accounts payable:		
Trade	87,435	86,258
Other	39,845	54,583
Accruals:		
Federal taxes on income	202,729	530,000
Other taxes	12,065	13,666
Salaries, wages, and commissions	120,673	101,665
Miscellaneous	5,086	4,061
Total current liabilities	$ 692,833	$1,115,233
MORTGAGE PAYABLE, 4⅜%, DUE IN ANNUAL INSTALMENTS OF $25,000 EACH BEGINNING JULY 1, 1954 (1953 instalment included in current liabilities)	$ 150,000	$ 175,000
CAPITAL INVESTMENT AND EARNINGS RETAINED FOR USE IN THE BUSINESS:		
Common capital stock, authorized, 600,000 shares of $1 par value each; issued and outstanding, 233,591 shares (see Note 1)	$ 233,591	$ 229,591
Excess of paid-in capital over amount assigned to capital stock ($12,000 paid in during 1952)	148,916	136,916
Earnings since January 1, 1940 retained for use in the business (see Note 2)	1,044,531	1,009,600
Total capital investment, etc.	$1,427,038	$1,376,107
TOTAL	$2,269,871	$2,666,340

of the Company are subject to a purchase option
955 at a price of $4 a share for the first one thousand
thousand shares.

the terms of the 4⅜% mortgage loan payable. The
e business at December 31, 1952 free from such

ubject to the Renegotiation Act of 1951; however,
es under these contracts will not have a material
r the year ended December 31, 1952.

NATIONAL TOOL COMPANY

STATEMENT OF INCOME AND EARNINGS RETAINED FOR USE IN THE BUSINESS

For the Years Ended December 31, 1952 and 1951

	YEAR ENDED DEC. 31 1952	1951
SALES AND OTHER INCOME:		
Net sales	$5,446,721	$6,113,278
Other income	1,529	1,202
Total	$5,448,250	$6,114,480
LESS:		
Cost of goods sold (including depreciation and amortization of $77,283 for 1952; $73,025 for 1951)	$4,368,854	$4,445,172
Selling, general, and administrative expenses	708,412	870,586
Interest and debt expense	22,753	20,061
Total	$5,100,019	$5,335,819
INCOME BEFORE PROVISION FOR FEDERAL TAXES ON INCOME	$ 348,231	$ 778,661
PROVISION FOR FEDERAL TAXES ON INCOME (including excess profits taxes of $27,000 in 1952; $136,000 in 1951)	197,000	530,000
NET INCOME	$ 151,231	$ 248,661
EARNINGS SINCE JANUARY 1, 1940 RETAINED FOR USE IN THE BUSINESS, JANUARY 1	1,009,600	875,172
Total	$1,160,831	$1,123,833
DIVIDENDS PAID	116,300	114,233
EARNINGS SINCE JANUARY 1, 1940 RETAINED FOR USE IN THE BUSINESS, DECEMBER 31	$1,044,531	$1,009,600

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAMSON BUILDING
CLEVELAND 14

ACCOUNTANTS' CERTIFICATE

National Tool Company:

We have examined the balance sheet of National Tool Company as of December 31, 1952 and the related statement of income and earnings retained for use in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and earnings retained for use in the business present fairly the financial position of the Company at December 31, 1952 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

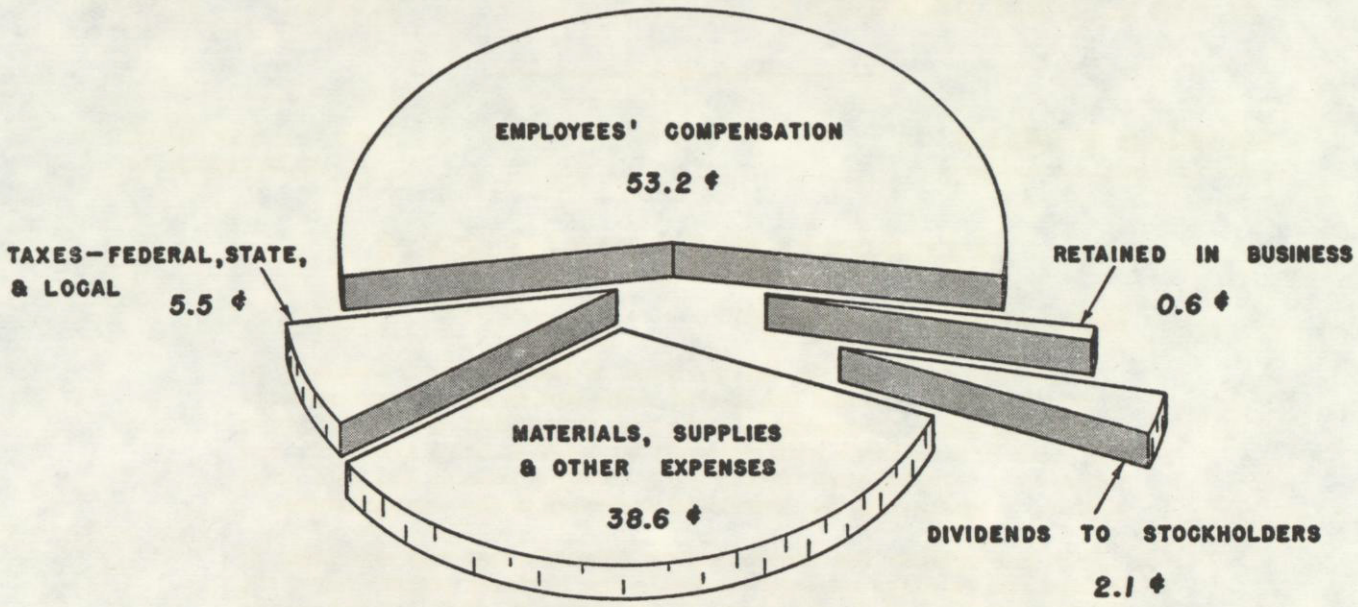
February 28, 1953.

NATIONAL TOOL COMPANY

Ten Year Statistical Record

Year Ended Dec. 31	Net Sales	Net Profit For the Year	Net Profit Per Share	Cash Dividend Per Share of Common Stock	Working Capital	Net Worth	Net Worth Per Share of Common Stock
1943	3,765,633	157,541	.70	35¢	264,301	772,358	3.44
1944	2,502,219	115,049	.51	-0-	299,700	875,973	3.90
1945	2,167,282	58,420	.26	10¢	456,238	914,370	3.98
1946	2,056,876	75,785	.33	15¢	393,808	952,211	4.15
1947	2,797,271	97,240	.42	15¢	401,309	1,015,087	4.42
1948	2,735,617	110,154	.48	15¢	456,444	1,090,802	4.75
1949	2,377,964	95,361	.41	20¢	763,053	1,140,245	4.97
1950	3,137,290	168,860	.75	30¢	774,165	1,221,904	5.32
1951	6,113,278	248,661	1.08	50¢	901,519	1,376,107	5.99
1952	5,446,721	151,231	.65	50¢	928,128	1,427,038	6.11

BREAKDOWN OF 1952 SALES DOLLAR



NATIONAL TOOL COMPANY

CLEVELAND OHIO